



LABELINSIGHT



# Driving Long-Term Trust and Loyalty Through Transparency

The 2016 Label Insight Transparency ROI Study

# Executive Summary

The Label Insight Food Revolution Study, released in June of 2016, found that consumers want brands to be completely transparent when it comes to food and personal care products, but they largely do not trust them to accurately provide complete product information.

Such findings beg the question -- what information are consumers seeking, how do they want to access it, and how does this affect buying behavior? To find out, the 2016 Label Insight Transparency ROI Study takes a deeper dive by surveying more than 2,000 consumers about their preferences for transparency and how it affects their trust for and loyalty toward brands.

The resulting study finds that consumers want more than just the required product information on a product's label and will purchase from and be loyal to brands that provide more detailed insights.

They want to see everything from a complete ingredient breakdown to sourcing information. What's more, if a brand doesn't provide them with this information consumers will look elsewhere for it. This puts brands in a vulnerable position -- one that involves shoppers consuming (and likely believing) third-party information about their products.

However, there is a bright side. Brands have an opportunity to define a single and complete source of product truth by providing all of the information consumers want upfront. This way brands can not only generate trust by being completely transparent about their products, but also shift the balance of control

with the information that exists about their products online. To access product information, this study finds that consumers are overwhelmingly in favor of the SmartLabel™ initiative and have more trust for brands who participate in this initiative.

This research indicates that millennial moms are leading this move toward digital transparency. Millennial moms -- mothers between the ages of 18 and 34 -- value transparency more than any other demographic, are significantly more interested in seeking product information through digital channels and are willing to pay more for it. This demographic represents nearly **\$200 billion in spending power**.

Lastly, findings suggest transparency transcends categories; all categories -- even snacks and sweets -- will benefit from offering complete transparency.

The following report aims to define product transparency in the eyes of consumers, highlight the implications of product transparency for brands, shed light on the ways consumers prefer to access this in-demand information and discuss the needs of the increasingly powerful millennial moms demographic.

# Key Findings



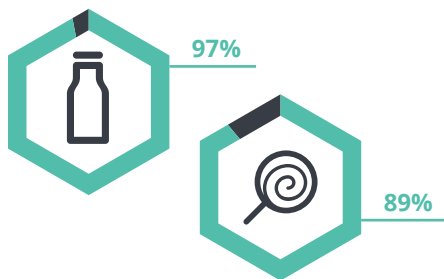
## Transparency influences shopper behavior

39 percent say they would switch to a new brand if offered full product transparency and 56 percent say they would be loyal for life if it provided complete transparency.



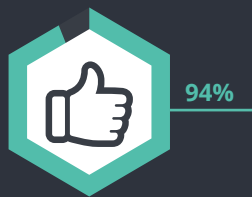
## Consumers personally verify brand packaging claims

91 percent of consumers verify information for themselves when a brand claims to be “healthy” or “nutritious.” Top methods consumers use include checking the label and searching for information on third-party sites.



## Product transparency matters across all food categories

97 percent said transparency is very important or somewhat important for dairy products, and 89 percent said the same about snack foods.



## Transparency fosters brand loyalty

94 percent of respondents say they are likely to be more loyal to a brand that offers complete transparency.



## Consumers are willing to try a brand's entire portfolio of products if it offers transparency

81 percent say they would consider a brand's entire portfolio of products if they switched to that brand as a result of increased transparency.



## Consumers will pay more for products when the brand is transparent

73 percent would be willing to pay more for a product that offers complete transparency in all attributes.



## A brand that provides more than the basic ingredient information will generate more trust

56 percent say additional information about how food is produced, handled or sourced would make them trust a brand more.



## Millennial moms prefer accessing product information via mobile devices

53 percent of 18 to 34-year-old women with children said they would prefer to use a mobile app to verify brand claims about being healthy.



## Millennial moms are leading this charge

86 percent of 18 to 34-year-old women with children said they would pay more for completely transparent food products compared with 73 percent among all respondents.



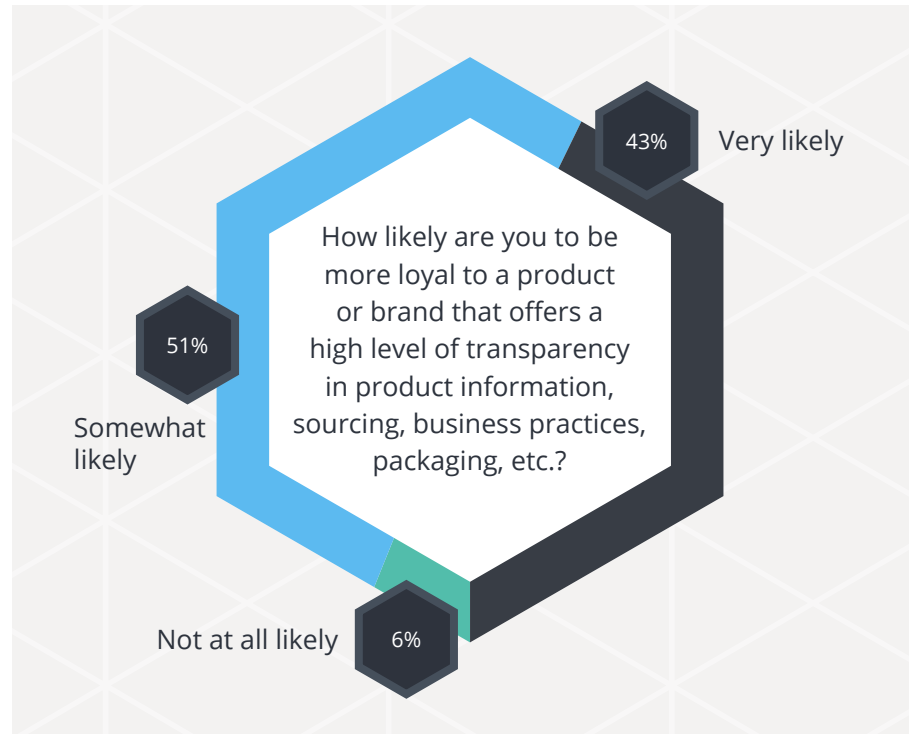
## Shoppers are interested in and likely to use SmartLabel

79 percent say they are very likely or somewhat likely to use SmartLabel technology and 44 percent say they would trust a brand more if it participated in the SmartLabel initiative.

# Transparency Leads to Increased Brand Loyalty and Perceived Brand Worth

The survey finds that product transparency influences purchasing behavior, plays a significant role in customer loyalty to a product and opens the door to the brand's entire portfolio of products.

The survey reveals that nearly all consumers (94 percent) are likely to be loyal to a brand that offers complete transparency. What's more, transparency ranked highest in a list of factors that motivate consumers to be loyal to a brand, with 25 percent listing it as their top factor.

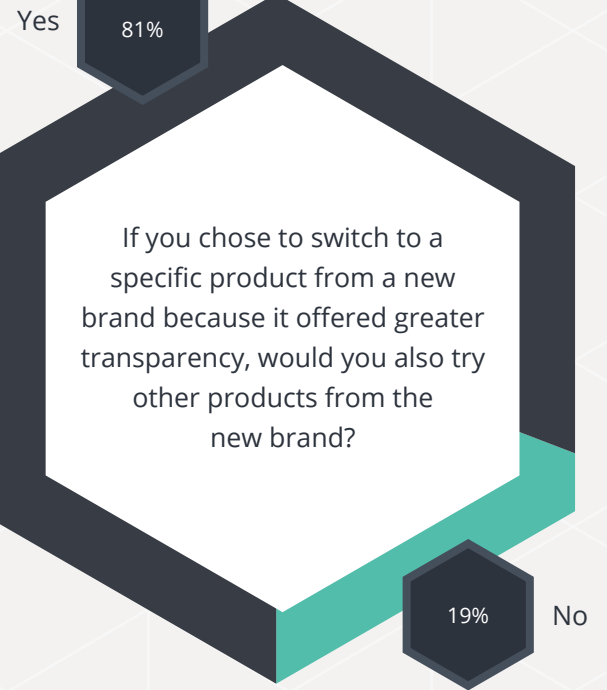
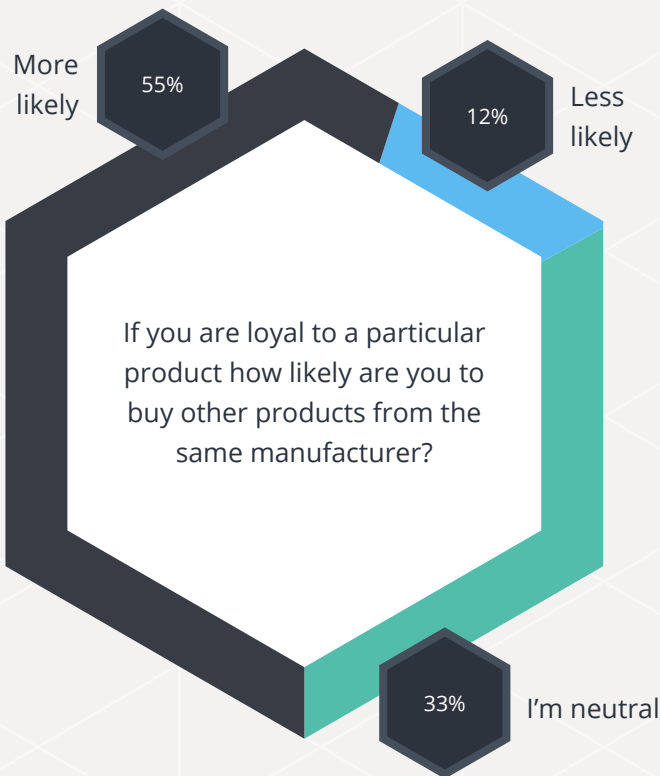


39%

The survey finds that 39 percent of consumers would switch from their current preferred brand to one that offers more product transparency. Furthermore, once a consumer has switched to a brand in favor of increased transparency, he or she is likely to remain loyal long term. Fifty-six percent say they would be very likely to remain loyal to a brand for life if it offered complete transparency.

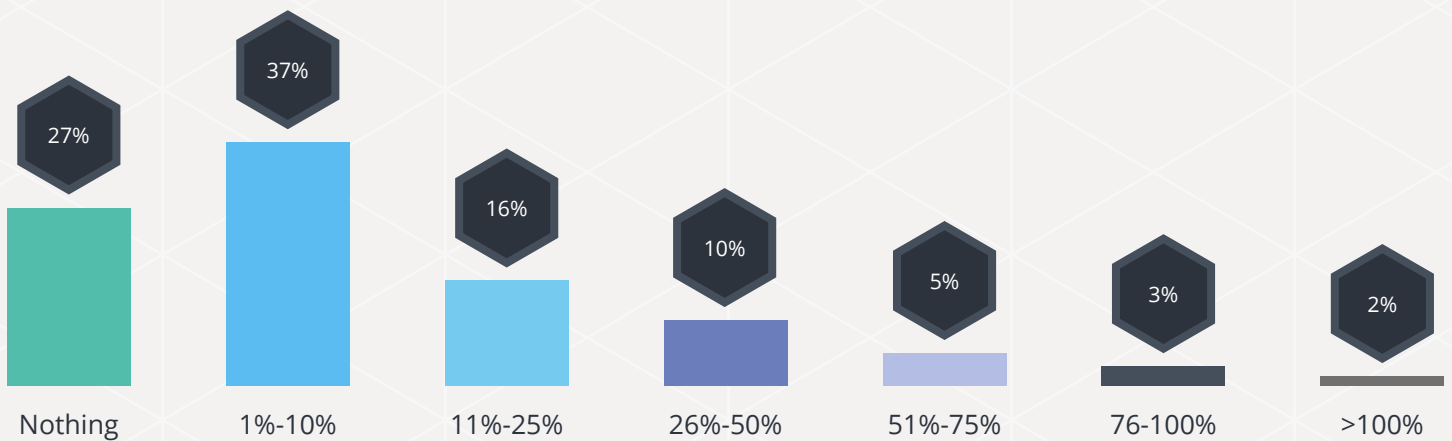
81%

Transparency also impacts consumers' willingness to consider a brand's entire portfolio of products. While more than half (55 percent) say they would be more likely to buy a brand's portfolio of products if they were already loyal to the brand (for any reason), that number grows significantly if the brand is also more transparent. Eighty-one percent say they would consider a brand's entire portfolio of products if they switched to that brand because of transparency.



Transparency is so important to consumers that they are actually willing to pay more for it. Almost three in four consumers (73 percent) say they would be willing to pay more for a product that offers complete transparency in all attributes (ingredients, nutrition, sourcing, etc.).

### How much more would you be willing to pay for a product that offers complete transparency in all attributes? (ingredients, nutrition, sourcing, etc.)?



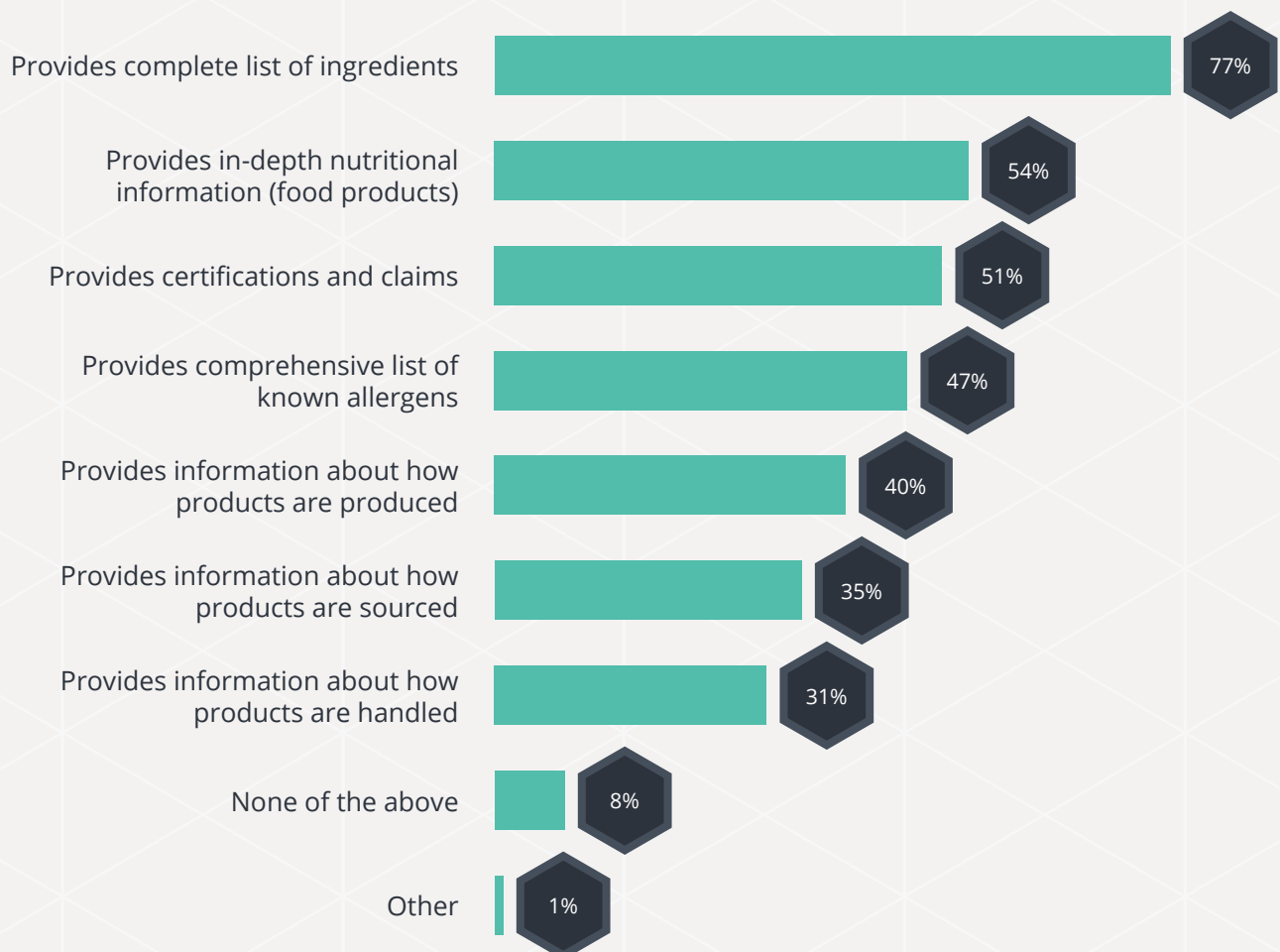
Simply put, transparency has positive implications for brands -- fostering product loyalty, brand loyalty and increasing the product's worth in a consumer's mind. In an age where consumers are more concerned about what's in the products they use and consume than ever before, brands that provide shoppers with the information they seek through their preferred channels will reap the benefits.

# Defining Transparency

It's clear that consumers value transparency and are loyal to the brands that provide it, but the exact definition of transparency has not been widely understood. The survey finds that consumers define a transparent brand as one that provides all information about a food or personal care product to allow shoppers to determine for themselves if the product fits their needs.

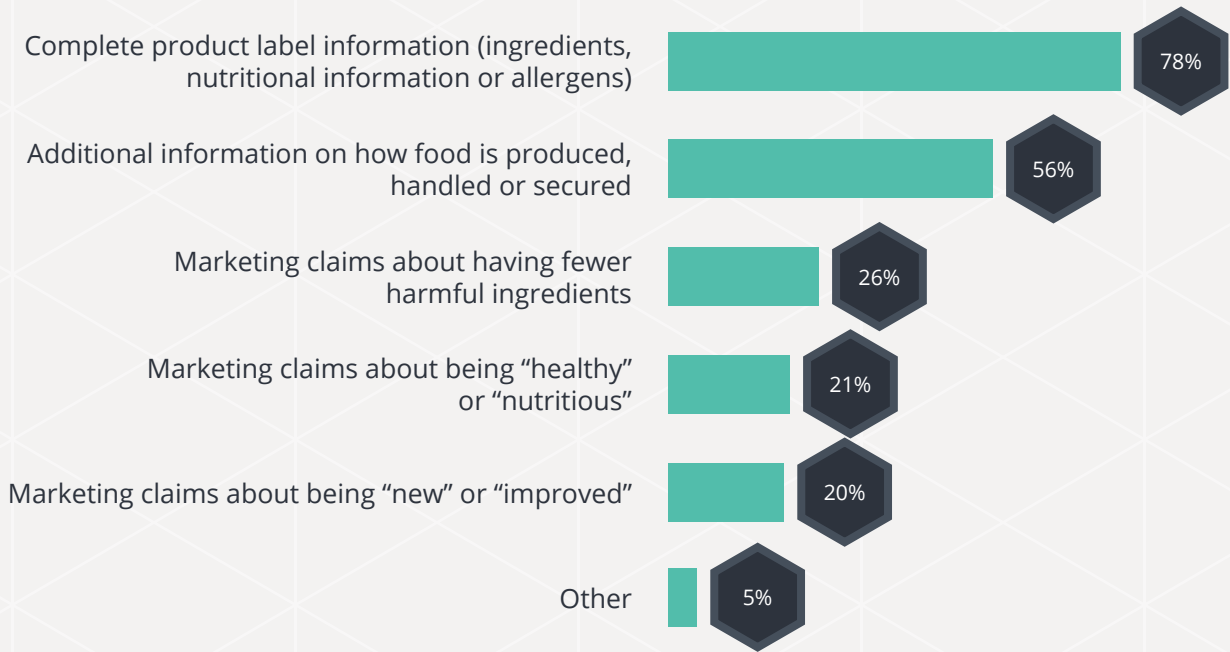
Most consumers (77 percent) believe a food brand is transparent when it provides a complete list of ingredients in its products, followed by in-depth nutritional information about the ingredients (54 percent) and certifications such as USDA Organic or Low Sodium.

## Which of the following factors do you use to determine whether a food manufacturer is being transparent about its products?

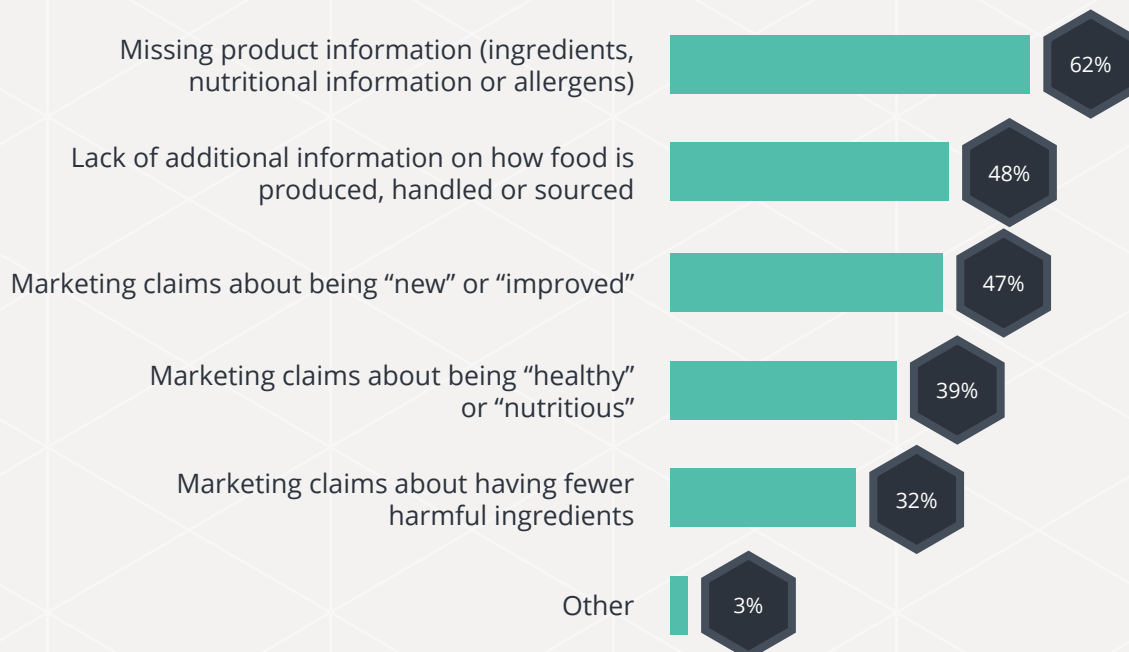


Consumers also say they want more information than brands are required to include on the physical product label. More than half (56 percent) say additional information on how food is produced, handled or sourced would make them trust a brand more, and this information ranked more than twice as high as brand packaging claims such as “low fat” or “low sugar.” Sixty-two percent say missing information on labels causes them to be skeptical about a brand.

### What causes you to trust a manufacturer or product more?

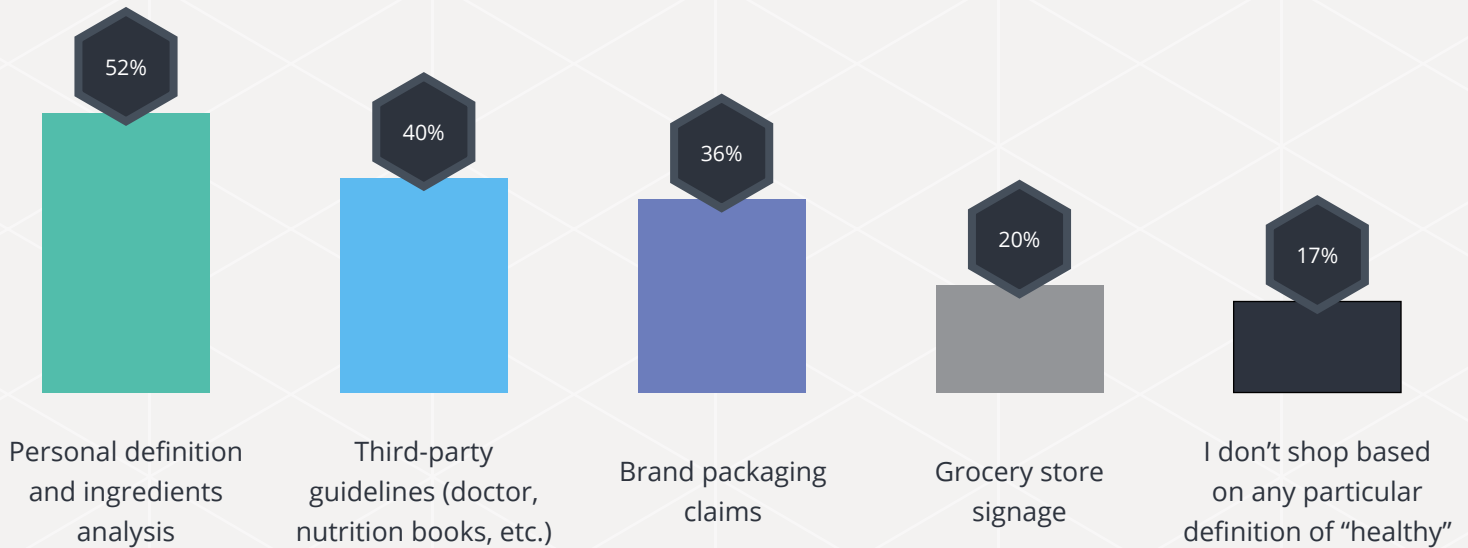


### What causes you to be skeptical about a food or personal care product?

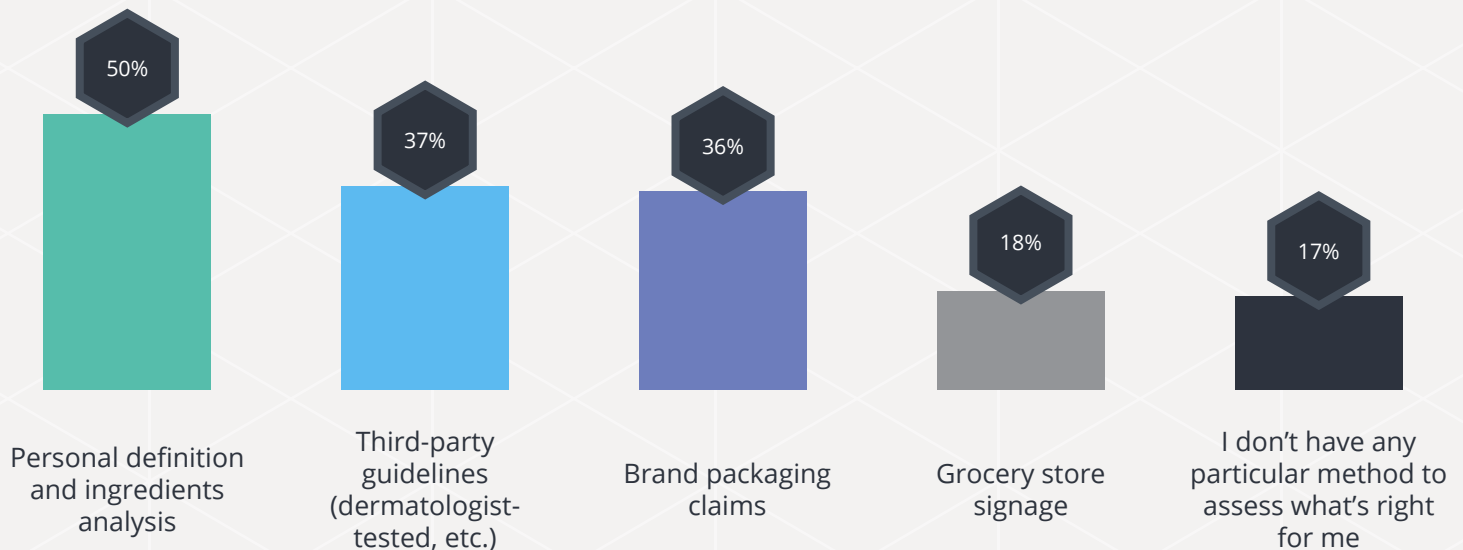


When it comes to food products specifically, consumers say they want access to detailed product information in order to determine for themselves what is healthy. More than half (52 percent) say they use their own personal definition to determine which foods are healthy, 40 percent look to third-party guidelines (doctor or nutrition books) and only about a third (36 percent) use brand packaging claims such as “healthy” or “nutritious.”

### How do you determine whether a food product is “healthy”?



### How do you determine whether a personal care product is right for you?



Transparency is more than just a list of required ingredients on a label. Consumers want to know everything, from sourcing information to how ingredients within the product were handled, in order to determine what products fit their ethics, beliefs and lifestyle.



# Achieving Transparency in the Mind of Consumers

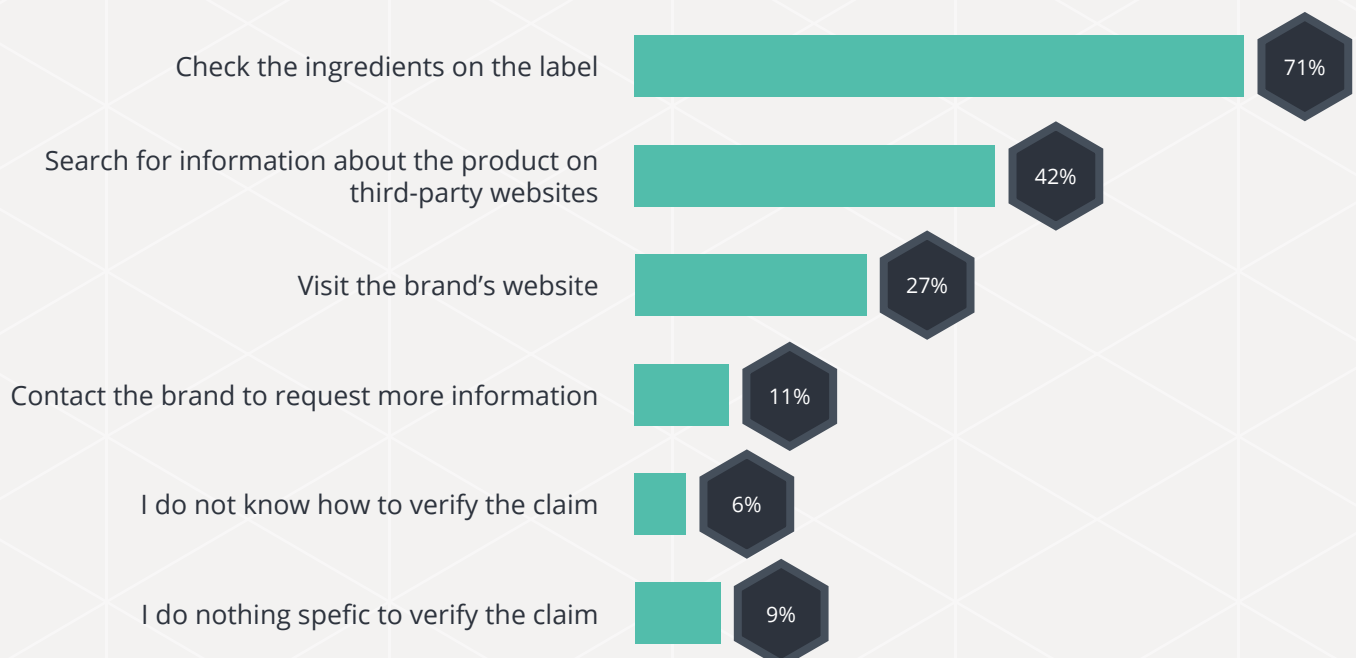
While consumers want brands to provide them with complete product information, the study also reveals that they generally do not trust brands to be completely transparent. Because of this, most will go elsewhere to find the information they need, and the brand itself is often left out of the conversation. Brands have an opportunity to improve trust with consumers by offering complete information about their products with digital labels such as SmartLabel.



Only about half of the respondents (51%) said they believe a brand when it claims to be "healthy" or "nutritious."

When a brand makes such claims, most (91 percent) verify information for themselves by checking the label, searching for information about the products on third-party sites or visiting the brand's website.

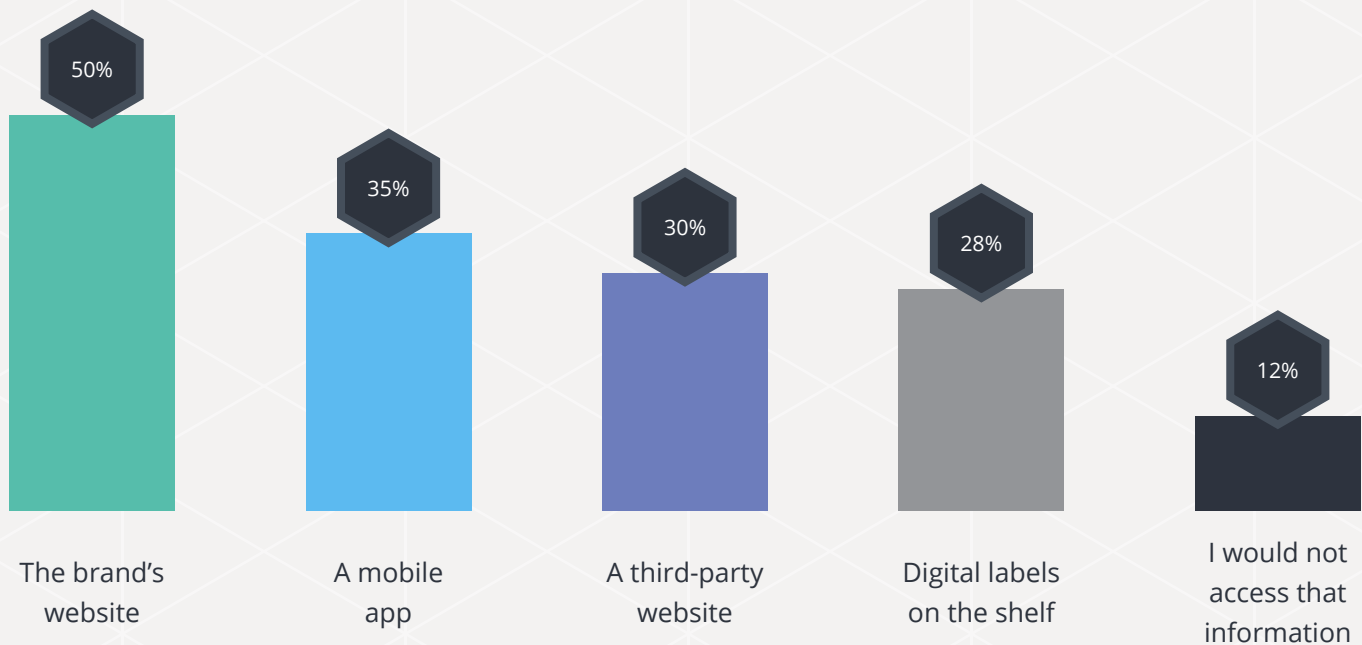
## When a food brand claims to be "healthy" or "nutritious," how do you verify that claim?



This creates an opportunity for product manufacturers to proactively offer the information that consumers want upfront. Consumers tell us they are validating packaging claims and searching for missing information on third-party sites, which brands have little control over unless they take steps to provide a single, unified version of the correct information across a variety of channels. The brands that offer this information voluntarily put themselves in a position to own the content consumers find when they search for their products and ultimately generate a higher level of trust.

This type of complete product information is impossible to fit within the confined space of most product packaging. The good news is that most consumers (88 percent) say they would be interested in accessing a complete set of product information digitally. When asked about channels for accessing this information, half of the respondents said they would want to use the brand's site, 35 percent would use a mobile app and 30 percent would use a third-party website.

**If a brand were to provide a complete list of product attributes beyond what's on the label and packaging, how would you prefer to access that information?**

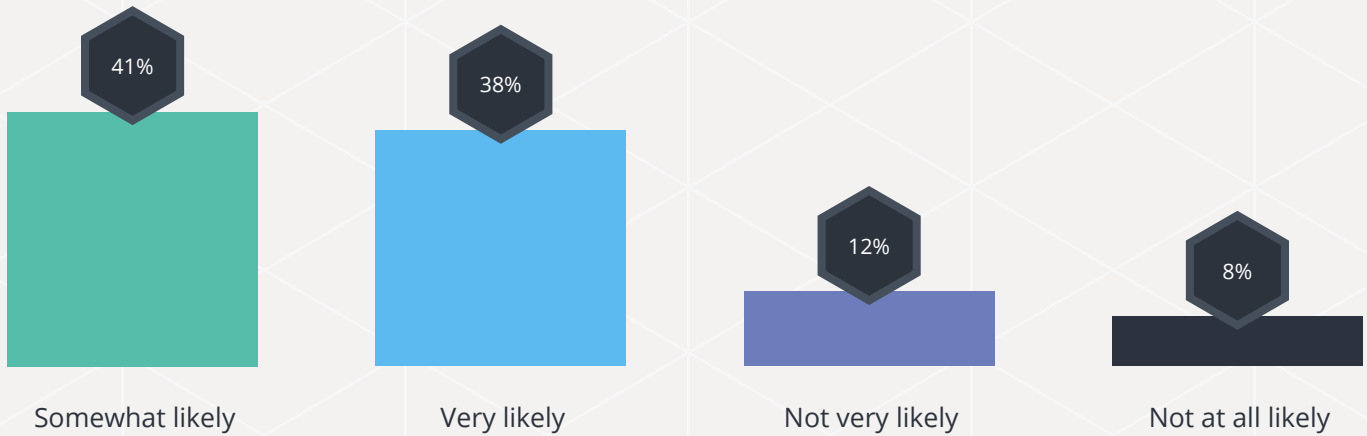


Survey respondents were also asked about the SmartLabel transparency initiative specifically, which enables consumers to find additional details about products online (such as detailed ingredient information and definitions, allergens, how the product is produced, and ingredient origin stories) by activating a product package with a mobile device or visiting a product website.

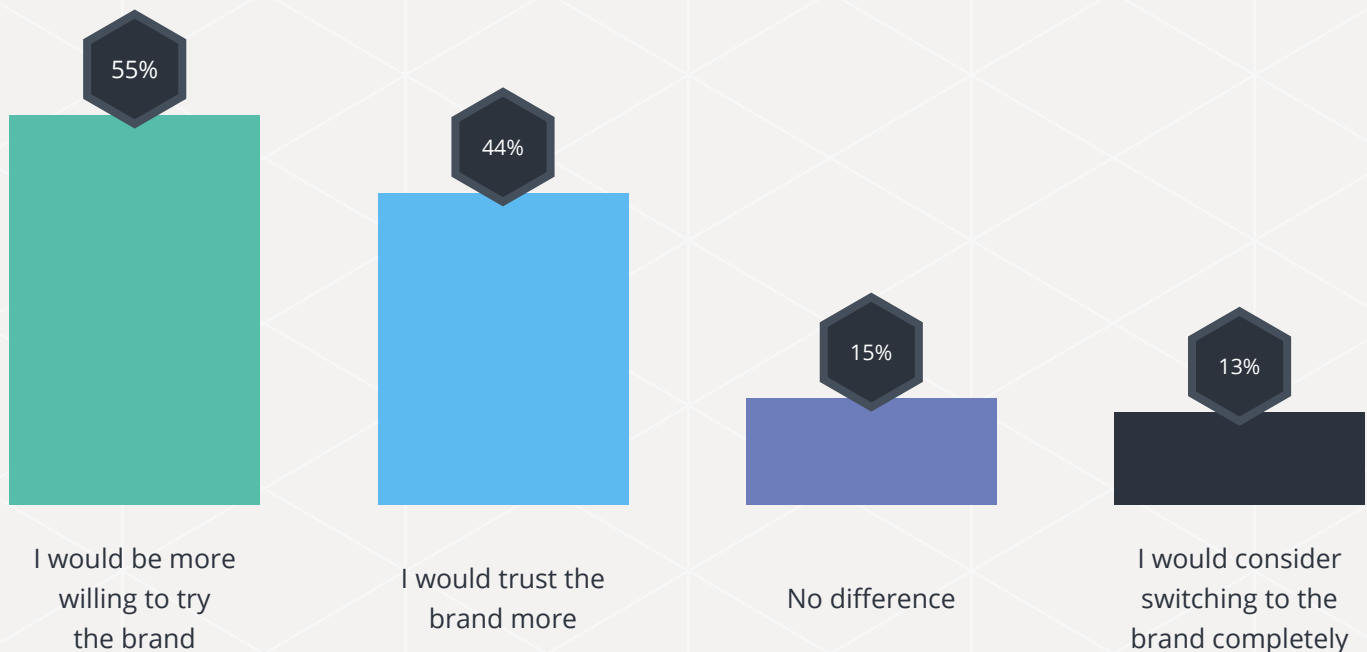
Most (79 percent) say they are very likely or somewhat likely to use SmartLabel technology if a brand offered it, and 44 percent say they would trust a brand more if it participated in the SmartLabel initiative.

A new product transparency initiative, SmartLabel, enables consumers to get additional details about products online or using their mobile device or by visiting a product website.

### How likely are you to use this technology while shopping or preparing to shop?



### How would a manufacturer's participation in the SmartLabel initiative affect your perception of that brand?



We know that transparency fosters loyalty and that consumers define transparency as a brand going above and beyond required product labeling. Now, how exactly can a brand offer this information? The answer lies with the digital medium. Consumers are going online to find the information they want, and the vast majority of consumers say they would be interested in using SmartLabel technology to access this information.

# Millennial Moms Lead the Charge

The movement toward digital transparency is largely led by a group of consumers known as millennial moms -- mothers between the ages of 18 and 35. They are incredibly comfortable with technology and place more value on transparency than all other respondents.

According to the U.S. Chamber of Commerce Foundation, millennial parents wield about \$200 billion in spending power, and it's often the mothers who are primary decision makers when it comes to food spend.

## Transparency values

Eighty-three percent of millennial moms said that product transparency would make them trust a brand more, compared with 78 percent of all respondents. Additionally, 30 percent said transparency is their top factor for remaining loyal to a brand compared with 25 percent average among all respondents.

Millennial moms are also more likely to search for product information on third-party sites if a brand doesn't provide them with what they need. Forty-nine percent said they check third-party sites to verify brand claims compared with 42 percent of all respondents.

Millennial moms are also more willing to pay a higher price for transparency. Eighty-six percent said they would pay more for product transparency compared with 73 percent among all respondents.

## Digital demand

Not only does this demographic value transparency, they also prefer to access in-depth product information through digital channels.

Nearly two-thirds of millennial moms (65 percent) consider themselves innovators or early adopters when it comes to technology, compared to 53 percent among all respondents. What's more, more than half (53 percent) said they would use a mobile app to verify brand claims about being healthy compared to 35% of all respondents.

Additionally, almost nine in ten millennial moms (88 percent) said they are very likely to use SmartLabel technology compared with 79 percent among all age groups.

The way for brands to influence millennial moms, and in turn their families and friends, is by offering extended product information in a way that can be accessed digitally. SmartLabel is one of the most effective channels through which a brand can convey that information and reach this powerful demographic of shoppers.

## For which categories does transparency matter most? All of them.

When asked to indicate the importance of transparency for each product category, consumers proved transparency is important across the board.

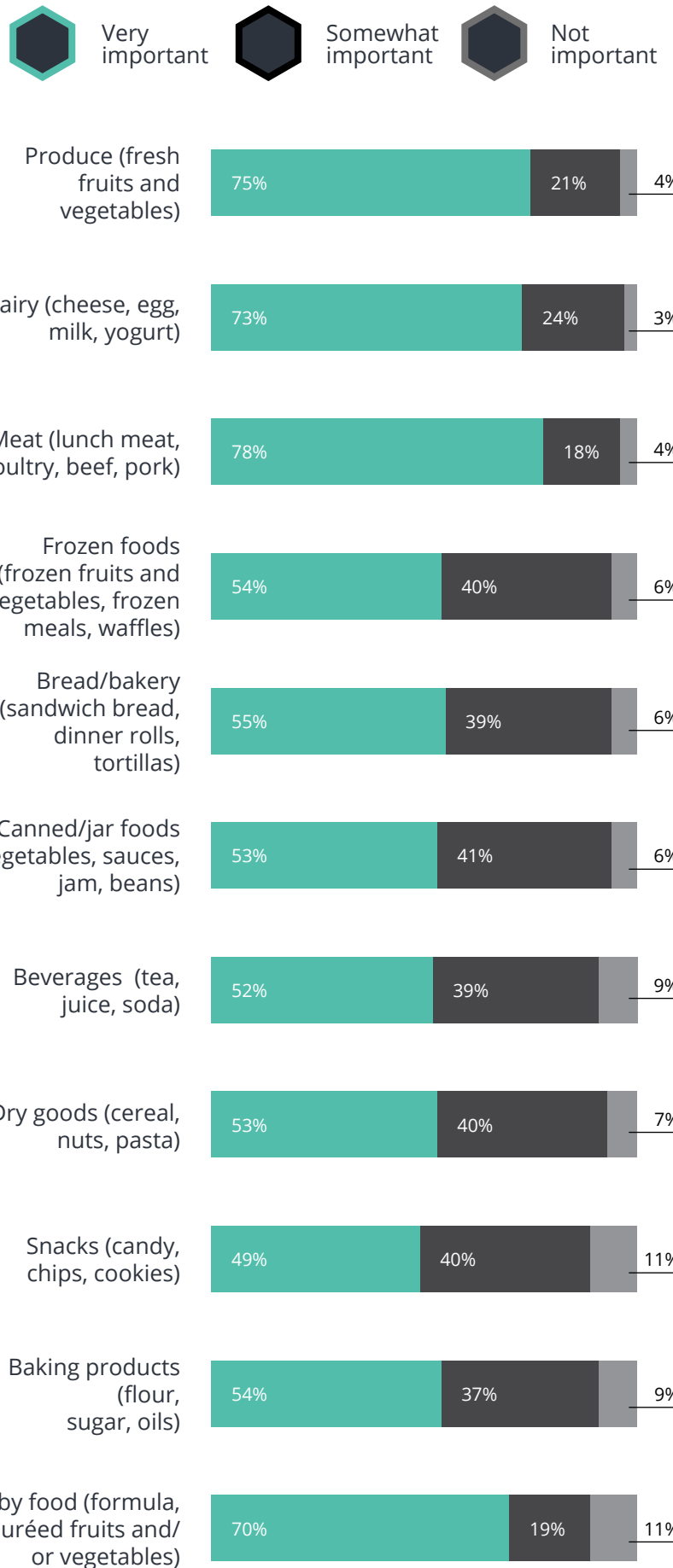


Dairy ranked highest, with 97 percent of respondents indicating it is very important or somewhat important for these brands to be transparent, followed by produce, meat, and frozen food products.



However, 89 percent of consumers said transparency is still very important or somewhat important for snack foods. In fact, the variance from most important to least important on this list is only 8 percent - which indicates that transparency matters for all product categories.

Regardless of product category, it's important for brands to be upfront about their product ingredients to attract more long-term, loyal customers.



# Conclusion

The 2016 Label Insight Transparency ROI Study finds that consumers want more than the required, basic information on food packaging and will be loyal to the brands that go above and beyond to provide it. The study reveals that if a brand does not provide this information, consumers will look elsewhere. This presents an opportunity for brands to be more proactive with their messaging and foster long-term loyalty by defining a single source of product truth which offers a complete and transparent view of their products.

For brands, this means offering complete product information, from a detailed list of ingredients, where ingredients were sourced from, farming practices, allergens, how they were handled and packaged, and even why they were used in each product.

The launch of the SmartLabel initiative is an excellent opportunity for brands to provide the transparency consumers seek.

## The SmartLabel Initiative



SmartLabel is a tool that gives consumers a way to access more detailed product information about a wide range of food, beverage, household, pet care and personal care products. It is fast and easy to use, with a consistent digital format that shares accurate data directly from the manufacturer in real-time. And it's one that the vast majority of consumers surveyed said that they'd be likely to use.

Through online landing pages that are accessible by smartphones, tablets and desktops, consumers can find product information organized in a consistent manner, including: allergens, ingredient sourcing practices, third-party certifications, social compliance and sustainability programs, usage instructions, advisories and safe handling instructions, and company and brand information.

Going beyond the product label makes sharing additional product information with consumers more attainable and sustainable for brands and retailers. The result is more information and, consequently, more transparency. But how can brands participate?



## The Label Insight Solution

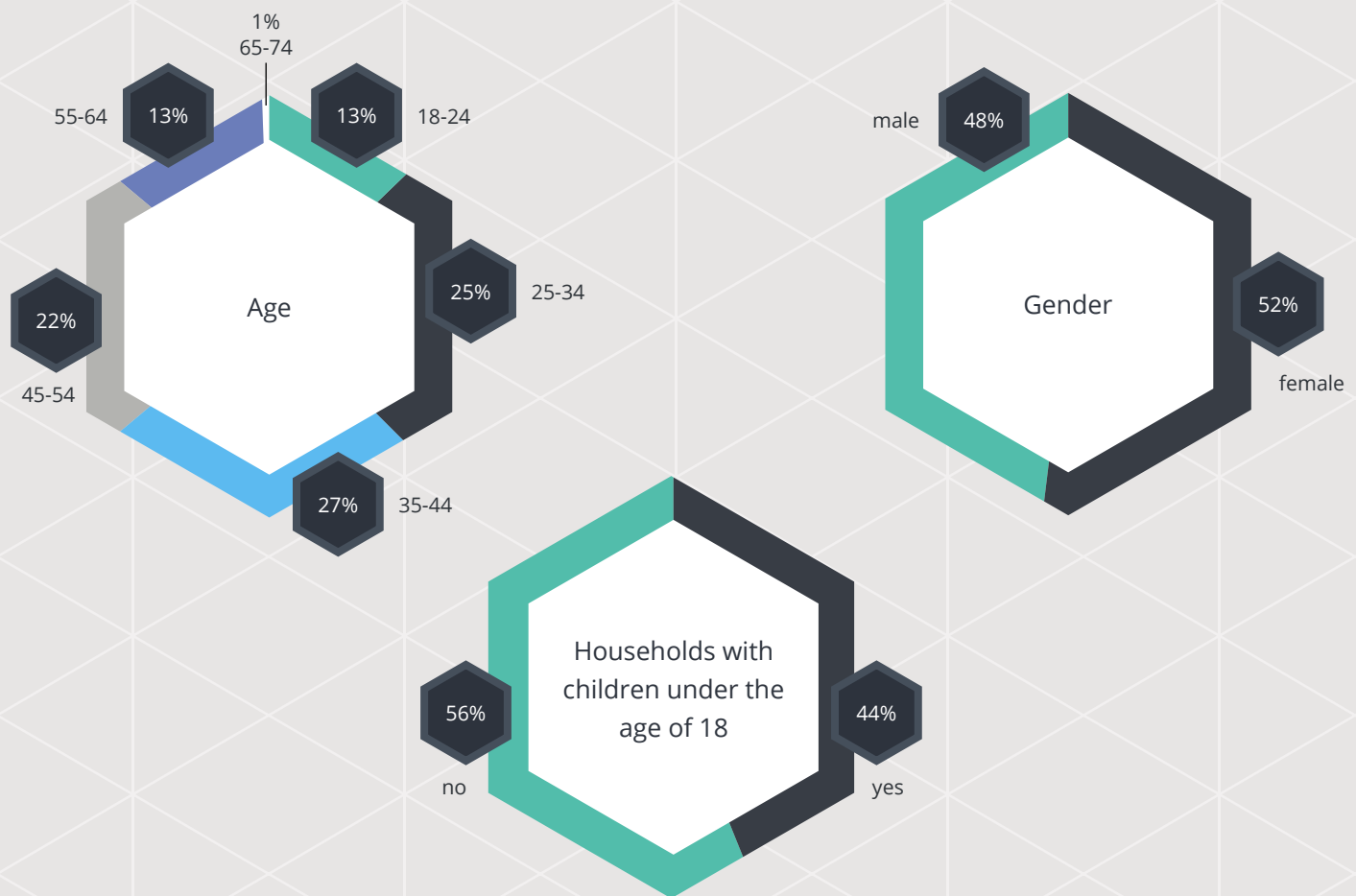
Executing best-in-class SmartLabel pages can be challenging, so Label Insight offers a powerful set of tools to accelerate a brand's SmartLabel execution with a high level of quality. As the leading Smartlabel solution provider, powering more than 1,900 of Unilever's best-in-class SmartLabel pages, Label Insight has proven experience with delivering product transparency for the world's leading brands.

Label Insight automatically maps all mandatory SmartLabel attributes and the vast majority of voluntary attributes. Brands simply drag and drop their package flats to Label Insight's online interface and verify their data via intuitive workflows, then Label Insight creates and manages the SmartLabel landing pages. Label Insight can also assist brands with understanding how to optimize their SmartLabel pages for organic search performance, and provide guidance on methods of digital package activation like QR Codes, SMS Text Messaging, and others.

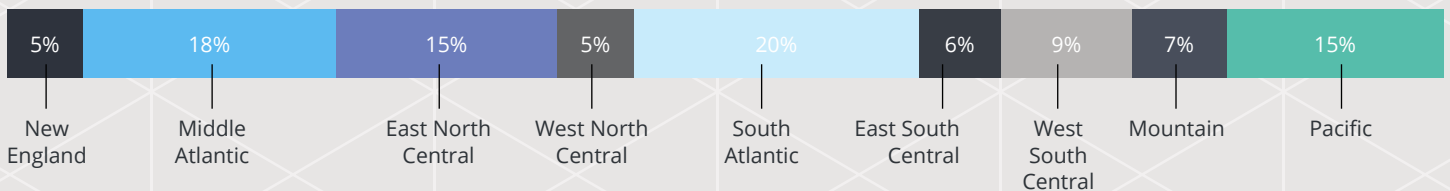
Beyond powering best-in-class SmartLabel executions, Label Insight provides a wide range of tools and solutions to assist brands with defining a single source of product truth, and syndicating it across a range of B2B and consumer-facing systems.

# Methodology

In July of 2016, Label Insight surveyed 2,021 consumers about the factors that influence their preferences for transparency and how it affects their trust and loyalty towards brands. The demographic breakdown of respondents is as follows:



## US Region







# LABELINSIGHT



## About

Label Insight is a cloud based data refinery for product data that powers transparency between CPG brands, retailers and consumers. The company works to capture, analyze and enrich data contained on the packaging and labeling of food, pet, and personal care products. Label Insight's platform enables transparent, open access to accurate product information. Label Insight's platform contains more than 200,000 products, representing 80% of the top purchased CPG products in the USA today.

Label Insight customers use this data to provide greater transparency to consumers; easily participate in industry and government initiatives, such as SmartLabel; create more connected omni-channel experiences; and maximize category growth potential.

To learn more about Label Insight, visit [www.labelinsight.com](http://www.labelinsight.com).

